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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 1, 2015

SECOND NOTICE

Certified Return Receipt
7014 0150 0000 1194 3040

Michael Terry
Anasazi Gold Reserves
C/O North American Exploration
447 North 300 West, Suite 3
Kaysville, Utah 84037-4203

Subject: Fine Payment Required for Cessation Order MC-2012-17-06, Anasazi Gold Reserves, Highland Mist Mine, S/021/0035, Iron County, Utah

Dear Mr. Terry:

A review of records of the Division of Oil, Gas and Mining shows that the civil penalty (fine) in the amount of \$3,520.00 for the referenced cessation order has not been paid. The final assessment was sent January 24, 2013 (copy enclosed). The timeframe to appeal either the fact of this violation or the amount of the assessed fine has lapsed, and the amount assessed is considered final. The fine is still pending even though the Notice of Intention to Commence Small Mining Operations has been transferred to Cornerstone Resources.

Please remit the total payment by July 31, 2015. If you believe the Division records are in error and that you have paid this fine, please provide evidence of the payment, such as a copy of the cancelled check, before the due date.

Failure to pay the assessed fine may result in seeking payment through court action or referring the amount due to the Bureau of Debt Collections. This may adversely affect your credit rating. **Failure to resolve this issue will affect your ability to permit other mines in Utah, including the Snake Valley mine, S/041/0040.**

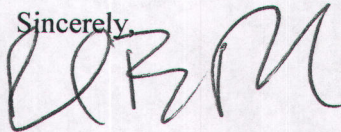
The Division has never received a request to release the remaining reclamation surety which consists of a letter of credit in the amount of \$14,000.00 with Central Bank, and cash in the amount of \$2400.00 plus \$1.89 interest deposited through the Utah State Treasurer in Zions Bank. The Division will not release this surety until the civil penalty is paid **but would be willing to accept the cash deposit as full payment for the fine.** Please see the attached settlement agreement.



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Michael Terry
S/021/0035
July 1, 2015

Please call the permit lead, Lynn Kunzler at 801-538-5310, or me at 801-538-5261 if you have questions regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker', written over the word 'Sincerely,'.

Paul B. Baker,
Minerals Program Manager

PBB: lk: eb

Enclosure: Copy of assessment letter; Settlement Agreement

cc: Jay Gatten, Agent

Sheri Sasaki, DOGM Accounting; Lynn Kunzler, DOGM Assessment Officer

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Settlement Agreement for Payment of Civil Penalties
Anasazi Gold Reserves, Highland Mist Mine
Permit Number S/021/0053

Whereas on October 12, 2012, the Utah Division of Oil, Gas and Mining (Division) issued Cessation Order MC-2012-17-06 for failure to maintain adequate reclamation surety for the Highland Mist mine.

Whereas the Division issued a civil penalty in the amount of \$3520.00 associated with Cessation Order MC-2012-17-06, and this civil penalty has not been paid.

Whereas the deadline for appealing the fact of the Cessation Order and the civil penalty has lapsed.

Whereas the Division continues to hold a cash reclamation surety from Anasazi Gold Reserves in the amount of \$2400.00 plus \$1.89 interest.

Whereas the Notice of Intention to Commence Small Mining Operations (Notice) for the Highland Mist mine has now been transferred to another entity which submitted a replacement reclamation surety. Because the Notice has been transferred, the Division no longer needs to hold the surety from Anasazi Gold Reserves.

And whereas the Division is willing to accept the remaining cash reclamation surety (including interest) as payment in full for the civil penalty.

I, Michael Terry, accept the terms of this offer and willingly relinquish claim to the remaining cash reclamation surety as full payment for the civil penalties for Cessation Order MC-2012-17-06.

Signature

Date

I, Michael Terry, do not accept the terms of this offer and agree to remit full payment for the civil penalties, \$3520.00, after which the Division will refund the remaining portion of the reclamation surety.

Signature

Date